



## CONTINUED GROWTH ACROSS ALL MARKETS

### Entering the next phase of our plan to deliver consistent and sustainable growth

Dr. Martens has today announced its full year financial results for the year to 31 March 2017. The company continues to grow across its key markets and in line with its strategic priorities, achieving double digit sales growth in retail, E-Commerce and wholesale.

### FINANCIAL HIGHLIGHTS

- + **Encouraging results reinforcing confidence in the group's strategy:**
  - + 25% growth in group revenue to £290.6m (12% constant currency)
  - + EBITDA growth of 27% to £37.5m reflecting investments in new stores, E-Commerce and new products
  
- + **Strong performance across the business:**
  - + 38% growth in retail revenue to £78.9m
  - + 54% growth in E-Commerce revenue to £32.4m
  - + 42% growth in Direct to Consumer (DTC) revenue to £111.3m
  - + 16% growth in wholesale revenue to £179.3m
  
- + **Progress achieved against strategic priorities:**
  - + **DTC** channels now represent 38% of total revenue
    - + 27% increase in our global store base with the completion of 18 new store openings across all core markets
    - + Our year-end total owned stores now stands at 71, with a further 54 concessions in South Korea
    - + Growth in E-Commerce, now up to 11% of total revenue
    - + 16% wholesale growth to £179.3m, in part following the targeted elimination of non-strategic accounts in 2016 resulting in an increased focus on larger and "best fit, partner" accounts
  - + **Increased geographic diversification** with Asia representing 23% of revenue
  - + **New product development** share of revenue increased by 5% points to nearly 30% in the year, driven in part by the successful launch of our DM's Lite range which sold 0.2m pairs



**Paul Mason, Chairman of Dr. Martens, said:**

*“Despite a challenging retail environment, we have delivered double digit growth across all areas of the business and continue to see the investments in our people, structure and operations as an integral part of our aim to deliver long-term sustainable growth.*

*I would like to say a big thank you to our people for the progress they have made over the past twelve months. The strong performance we have seen demonstrates that our strategy is the right one. I would in particular like to thank Steve Murray. In his three years as Chief Executive, he has driven the business forward and has set us up well for the future. We wish him well in his next venture.*

*As we enter the next phase of our history, we are well placed to deliver on our strategic priorities, and achieve sustainable, global growth. We continue to move from strength to strength in our strategy, while maintaining our core values of rebellion, durability, individuality and self-expression, which have always sat at the very centre of our iconic brand.”*

**Jon Mortimore, CFO of Dr. Martens, said:**

*“Dr. Martens has had another exceptional year, achieving significant growth in our core markets. Our investment in international stores continues to deliver positive returns with considerable gains in retail sales, most notably in Asia. Revenue in that region finished up 43% to £66.4m and EBITDA grew 105% to £13.5m with particularly strong growth in Japan.*

*We continue to build on our E-Commerce strategy with a 54% increase in online sales for the year. Our wholesale channel returned to growth, being up 16% following the targeted elimination of non-strategic accounts last year. Continued development in our new product offerings demonstrates the success of our team and the long-term durability of the Dr. Martens brand.”*

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## CORE PRIORITIES

Dr. Martens remains focused on achieving progress against its five core priorities:

**Retail;** Open new stores to showcase the brand and communicate its values and heritage,

**E-Commerce;** Replicate the retail strategy and utilise the website and selected social media environments to positively engage with customers,

**Strategic Wholesale Partners;** Identify and support the wholesale partners who have a similar culture, passion and compatible business model to Dr. Martens,

**Product Segmentation;** Design and develop new products, segmenting by specific consumer groups and distribution channels for consumers under a global product strategy whilst maintaining appropriate SKU (stock keeping unit) productivity and adhering to the brand heritage,

**Supply Chain & Systems;** Invest and upgrade supply chain, systems, processes and operations to deliver excellent service and reliability to all customers, retail partners and wholesale accounts.

## OPERATIONAL PERFORMANCE

During the year, the Company opened 18 new stores, including four stores in the UK, five in Continental Europe, two in USA (Los Angeles and New York), five in Japan and two in Hong Kong. Over the same period Dr. Martens closed three stores and opened a net 10 concessions in South Korea. This brings the total number of owned stores in Dr. Martens' estate to 71, and the number of concessions to 54.

## FINANCIAL PERFORMANCE

Group performance saw actual revenue increase 25% to £290.6m and a gross margin increase of 32% to £148.7m, with growth across all channels of the business. Retail revenue grew by 38% to £78.9m with like-for-like revenue growth of 5%. E-Commerce revenue growth was notably strong, up 54% to £32.4m, and now represents 11% of total revenue. Wholesale revenue grew 16% to £179.3m in part following the targeted elimination of non-strategic accounts in 2016. This has resulted in an increased focus on larger and "best fit, partner" accounts.

## MANAGEMENT CHANGE

During the summer, following three successful years as Chief Executive, Steve Murray and the Board took the mutual decision that he would step down from his role. Paul Mason, Chairman, has taken on an interim leadership role while the search for a replacement gets underway. Following significant achievements made by Steve and the senior leadership team in positioning the business for growth, the new Chief Executive will take Dr. Martens forward as it seeks to accelerate its ambitious plans globally.



## ASIA

Dr. Martens again performed strongly in Asia, with revenue up 43% to £66.4m (FY16: £46.3m) and EBITDA up 105% to £13.5m (FY16: £6.6M). The rise in EBITDA was driven by strong revenue growth in Japan and South Korea, coupled with an increase in gross margins, particularly in Japan.

In line with the company's strategy, Japan saw robust growth across all channels, with total revenue up 88% to £22.0m (FY16: £11.7m). During the year, five new stores were opened (taking the total to seven stores at 31 March 17) with retail revenue growth of 204%, E-Commerce growth of 118%, and wholesale growth of 69%.

South Korea also saw strong growth in the year, and benefited from an increase in the number of Chinese tourists visiting the country. However, following recent geo-political tensions, inbound tourism has significantly reduced. Total revenue in South Korea was up 55% to £22.9m (FY16: £14.8m) with good growth from both owned retail stores and concessions (located in large department stores). Sales in these locations were up 54%, E-Commerce sales were up 106%, and wholesale sales were up 48%.

## EMEA

The business' performance in EMEA was robust, with a particularly strong performance from its DTC business. EMEA revenue as a whole was up 25% to £118.2m (FY16: £94.4m), with DTC revenue up 34%. Of this, retail sales were up 26%, and E-Commerce sales were up 57%. Like-for-like retail revenue on a constant currency basis was up 5%. During the year, nine new stores were opened, with four new stores in the UK and five new stores in Continental Europe.

Wholesale revenue grew by 20%, with good growth across all markets. In particular, wholesale revenue in the Netherlands nearly doubled, and we also opened an additional four stores in the country, building our brand awareness and demonstrating the strength of our product offering to a broader audience.

EBITDA was up 2% to £17.2m (FY16: £16.8m). The strong revenue growth did not fully convert into EBITDA growth due to the amount of investment in the region to build Dr. Martens' footprint, and the exchange rate cost on finished product between GBP and USD.

## AMERICAS

The US Market as a whole continues to be tough, with traditional multi-brand retailers and department stores experiencing weak demand as a result of the increasing shift to E-Commerce. Typically, only the stronger brands and brands that have stores in areas of particularly high footfall are experiencing positive trends. Within this context, Dr. Martens performed relatively strongly. Revenue was up 16% to £106.0m (FY16: £91.7m). DTC channels experienced good growth, up 43%, with retail sales up 41% and E-Commerce sales up 45%.



Like-for-like retail revenue on a constant currency basis was up by 2%. Wholesale revenue declined on a constant currency basis primarily due to the business' strategic decision to cease supplying low margin special made for customer product to certain accounts.

EBITDA grew by 23% to £16.6m (FY16: £13.5m) primarily due to better gross margins resulting from the elimination of certain low margin accounts.

## OUTLOOK

Despite challenging trading conditions in the US, and potential headwinds following Brexit, Dr. Martens is well positioned to continue its recent strong performance in the coming year. In particular, its strategy of focusing on its DTC channels to build Dr. Martens brand awareness and have greater control over brand perceptions is succeeding, and we expect that to continue.

Trading since the year-end has been in line with the trends seen in 2017, with particularly strong performances in Asia and EMEA.

– Ends –

## ABOUT DR. MARTENS

Dr. Martens is an iconic British brand, founded in 1960 when the Northamptonshire based Griggs family, which had been making shoes since 1901, partnered with two German businessmen on a new type of shoe. The eight-holed 1460 Dr. Martens boot with its unique design, stitching and colouring defined a generation. Since its working class roots in the 1960s Dr. Martens and its iconic products have remained hugely popular. While its connection with music is still as important as it ever has been, Dr. Martens continues to be worn by people who have their own individual style but share a united spirit – authentic characters who stand for something, people who possess a proud sense of rebellious self-expression. See a link to our history here: <http://www.drmartens.com/uk/history>

Dr. Martens currently trades in 63 countries worldwide.